

Decision Matrix for a Struggling New Business

Your new business is not where you want it to be

When you're not getting traction in your new business, it can be hard to know which direction you should go in. Keep hope and push through the uncertainty and hardship, or call it quits and move on?

The following guide is designed to support struggling new business owners in making reasoned decisions about their next steps. The questions it contains are intended to help a founder determine if they should quit, pivot to a different opportunity, or double-down on their current business.

While not intended to replace expert advice, this framework should help the founder gain clarity on which actions to take.

Decision matrix

1. Reexamine market demand:

- a. Presumably, before you started, you conducted some market research and identified that there's a segment interested in paying for what you offer.
- b. Now that you've been operating and have real-life data, dig deeper to understand why customers aren't showing interest.
- c. The issue might be as simple as not offering the service competitively, meaning you're not unique in price, quality, or delivery time.

2. Reassess assumptions in your business plan about the sales cycle:

- a. Examine the typical expected time for a business like yours to go from beginning operations to revenue. To determine this timeline:

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- i. Speak with people from other companies that offer similar services.
 - ii. Ideally, speak also with your potential customers to learn firsthand about their buying habits and the sales cycle.
 - b. Benchmark against this typical timeline to determine your lag.
 - i. If off by more than 6 months, consider how much more cash you're willing to burn.
 - ii. If you're off by less than 6 months, consider continuing, as business takes time to pick up.
 - c. If you can't benchmark a timeline because the business is too unique, determine your lag based on the next closest industry.
- 3. What is the size of the clients you're targeting?**
- a. Marketing and selling to smaller companies takes much less time than to large companies.
 - b. For example, providing accounting services with a focus on small general contractors will naturally need less time than focusing on larger construction companies.
 - c. If you're struggling to close deals with medium-big leads, it might be best to give the leads more time and to stick with your business.
 - d. If you're struggling to close deals with smaller leads, consider pivoting or quitting.
- 4. What is the market share you're going for?**
- a. Are you competing to be just another provider in town or online, or are you trying to take over the market in your niche?

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- b. A wider-ranging and more complex business model and objective requires more work.
- c. If you want to become the dominant provider and are still struggling, consider staying in the game.
- d. If you're just aiming to be another provider in the neighborhood and are still struggling, consider pivoting or quitting.

5. Do you still feel passionate about growing or making this business succeed?

- a. Building a business is hard work, as you have found out by now. To make it successful, you may have to double-down and put even more effort into it.
- b. Can you see yourself working on it more? If not, you risk burning more cash and, even more importantly, putting yourself in a mentally draining cycle that can cause other personal issues.
- c. The bottom line is that you don't need to sustain the same "dreaming" level of energy you once had as that's not even possible for a successful business. You just need to know that you'll be disciplined enough to focus on another few months.
- d. One sign that you have lost passion is that you've lost interest in learning how to solve problems that come and now only do the bare minimum.
- e. At any rate, if you still have passion and interest, consider working on your business through the current challenges.
- f. If you don't have any motivation or desire left, consider pivoting or quitting.

6. Have you been generating any revenue?

- a. Generating any revenue normally indicates that there is a market and that you can close more deals. But trying for months on end without closing

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deals could mean that the market is not there, or is saturated, or that you're doing a poor job selling.

- b. If you have started to bring in some revenue, consider keeping the lights on.
- c. If you haven't closed anything or haven't been closing lately, consider pivoting or closing shop.

In addition to the above questions, consider these points:

- Evaluate the implications of quitting and doubling-down (e.g., liabilities such as debt and other obligations to others).
- Be judicious with the kind of people you get advice from. A good rule of thumb is to seek advice from people who have been to where you want to go, not people who have never started a business or people who are either too pessimistic or too optimistic. Talk to business owners who share your values and priorities in life.
- Don't forget personal considerations, including the impact of such decisions on family and loved ones.

Your decision

This process is not scientific. Analyze and weigh your decision logically, but also listen to your gut feeling.

If you're uncertain about most of the questions in the frame, it might be time to call it quits. If you're feeling good about the answers, pivot to a slightly (or significantly) different business opportunity, or double-down on your current business.

If there is any way I can help, please feel free to send me an email or fill out the [Ask Feras](#) form. I will schedule a free 30-minute session with you, no strings attached.

Wishing you success.

